

ENERGY EFFICIENCY AND RESOURCE MANAGEMENT COUNCIL

Minutes-September 8, 2011

Conference Room B, Second Floor, DOA

Call to Order: The meeting was called to order by Chairman Ryan at 3:35 PM.

Members Present: Abigail Anthony, Paul Ryan, Joe Cirillo, Christopher Powell, Joe Newsome, Vic Allienello, Dan Justynski, Marion Gold, and Ken Payne

Consultants Present: Mike Guerard

Staff Present: Pat McCarthy and Charles Hawkins

Others Present: Jeremy Newberger, Rachel Henschel Michael McAteer, Peter Asen, Rachel Sholly, Danny Musher, Tom Teehan, and Dave Jacobson

Call to Order: The meeting was called to order by Chairman Paul R. at 3:35 PM

Acceptance of Minutes: Joe C. made a motion to approve the August minutes. It was seconded by Dan Justynski and it passed unanimously.

Discussion of New Ceiling Price Legislation

Ken P. was introduced to consult with the Council on this legislation. The expectation of R.I.P.L. Chapter 39-26.2. is to set ceiling prices for distributed generation by the end of 2011. The law established a Distributed Generation Standard Contract Board (Board) to accomplish this goal. The law stipulates that until the Board is formally designated the Administrator of the OER will act in its stead. The law requires the initial year of ceiling prices and renewable energy (RE) classes to be recommended to the RI Public Utilities Commission (PUC) and filed within 90 days of passage. The law then requires the PUC to review the filing and issue a decision within 60 days.

OER will be using a multi-step process to develop distributed generation-long term contracting ceiling prices for renewable energy generation resources:

- (1) Data from stakeholders and other sources,**
- (2) Development of an initial “straw man” ceiling prices and request stakeholder comments,**
- (3) Development of a refined “straw man” ceiling prices and community review meeting, and**
- (4) Submission of recommended ceiling prices for 2011 to the PUC.**

OER will utilize the National Renewable Energy Laboratory’s (NREL)

Cost of Renewable Energy Spreadsheet Tool (CREST) to model the ceiling price recommendations. CREST was developed to support performance-based RE incentive rates, and has been vetted by a national network of peer reviewers. To support this modeling effort OER has retained the firm Sustainable Energy Advantage and the team of Robert Grace, Jason Gifford and Wilson Rickerson who were the co-authors of the NREL report.

Paul R. asked if the legislation was an attempt to please Wall Street investors. Ken P. said it was an attempt to get accurate ceiling prices. Chris P. said he understood it as a way to make RE economically viable. Ken P. said that the Assembly wants to see a certain amount of RE development. They set a 2011 target of 5MW of nameplate capacity with it growing to 20MWs in 2012.

Chris P. asked if it was similar to Deepwater. No, this process establishes the price before companies bid, rather than responding to their prices. Dan J. said that Least Cost Procurement (LCP) and the ceiling prices are in conflict. Ceiling prices do not pay for themselves and are not LCP. Ken P. said if we are going to have RE in RI, what is a reasonable price? Dan J. said that the State should not mandate anything that is not LCP. He said it contradicts the LCP law. Chris P. said that the ceiling prices will hit ratepayers sooner than Deepwater but will not have as much negative effect. He likes this idea better. Tom T. said that companies have to bid against the ceiling prices.

Report by the 3-Year EE Plan Sub-Committee

Abigail A. said that the plan was filed yesterday and the 3-Year Plan Sub-committee will file a report on cost effectiveness with the PUC with an assist from Dan P. Next the PUC will hold a technical session. Abigail A. will keep the Council appraised.

VEIC Monthly Report (attached)

NEW BUSINESS

Discussion of the Consultant RFP Process

Two proposals have been received and will be reviewed by a sub-committee that consists of Marion G., Abigail A., and Chris P. A timeline has not been set up. Paul R. asked how the proposals will be scored. The proposals will be scored against criteria and the one with the most points will be awarded the contract. Paul R. asked if the

sub-committee had some discretion and if they had to take the lowest bid. Abigail A. said that the council does have discretion and does not have to take the lowest bid. She said any calls or e-mails from bidders should be directed to the sub-committee.

The sub-committee will have a report for the full Council in October and the contract will begin in January 2012. Chris P. said he liked the idea of having a transition time so the Council does not lose

momentum.

NGrid Presentation on EE Evaluations

Dave Jacobson was introduced to give this presentation. NGrid evaluates programs to quantify savings for cost effectiveness and to get a more accurate tracking of saving estimates. Almost all RI EE electric savings are based on evaluated or measured savings and are based on methods used for over 20 years. Gas programs are being evaluated for the first time. The two types of evaluations are impact evaluations which measure the savings a program produced and process evaluations which look at how programs are working and how they can be improved. Process evaluations are less frequent.

Dave J. mentioned a large RI specific evaluation that looked at the FM Global Building and the new Providence Vocational-Technical School. They studied 6 electric measures at the school and 10 at FM Global. RI came in at a 145% realization rate. Each study cost \$48,000 which is a lot for RI's budget. On the gas side, NGrid did it's first customized gas evaluation on 12 out of 37 sites. RI only got a 44% realization rate. NGrid also did regional HVAC & lighting load share studies in conjunction with NEEP.

NGrid spent \$150,000 on Aquidneck Island to engage the community & market their pilot program. The result was savings of 1,600MWh more than expected. The pilot's marketing influenced participation

by 23%, with a cost benefit cost ratio of 2.25. Market acceptance of CFL lighting has made it more difficult to claim savings. Marion G. said that market acceptance was a good thing. There have been less savings than anticipated in the refrigerator recycling program, with a lot of free ridership. NGrid is partnering with the OER on residential and commercial code compliance studies.

Abigail A. asked about the difference between realization rates and the net to gross. The realization rate is how good the estimate of savings was. Net to gross is a broader sort of market effect rate that includes free ridership and spillover. Chris P. asked if these numbers are factored into the cost per KWh of each conservation measure. Dave J. said yes. Mike G. said that VEIC will have the technical resource manual available in 2012 to do this type of evaluation. Dan J. said that a billing analysis is key for small retail businesses because it can show savings more clearly, especially in lighting. Dan J. said that he had been tracking 300 small retail sites that he re-lamped three years ago and he has seen consistent savings of 20-25% every month. Chris P. asked if these evaluations can be used to improve code compliance. Mike M. talked about changes in behavior patterns and this will impact evaluations in the future.

NGrid Presentation on the 2012 EE Annual Plan

Rachel H. was introduced to give this presentation. The 2012 plan will reflect the 3-Year Plans themes: EE is for everyone; reaching

customers where they live and work; innovation; economic growth and transparency of savings calculations. The savings goals include a 125% increase in electric, for 2012 and a 227% increase, for gas.

The deliverable fuels weatherization program, funded by ARRA, will continue for another year using EE funding. New technologies will include a behavior pilot in Tiverton & Little Compton using smart thermostats. They will also continue their partnerships with the Green & Health Homes Initiative (GHHI) and RI Housing on low income weatherization.

Chris P. asked if NGrid can tap into smart grid efforts, funded by ARRA, that are going on in other states. Rachel H. mentioned a pilot on Cape Cod. Marion G. agreed with Chris P.'s point & thought a presentation on smart grid technologies would be helpful.

Ken P. said that he was finalizing an MOU to provide significant financial support to the GHHI. The program is looking to do high saturation weatherization work on a low to moderate income section of the City, targeting those not eligible for LIHEAP. This pilot will have a heavy educational component and involve community engagement. Garry Bliss is coordinating the effort for the City. Chris P. said that it is part of the Emerald City Initiative which looks at building improvements in a comprehensive manner that include health measures. Abigail A. expressed concern that NGrid's 0% Heat Loan Program has not been integrated with the GHHI. She cited a

GHHI meeting where participants knew nothing about this program. Chris P. said that VEIC was assisting the Emerald Cities Program with EE funding ideas.

Joe C. asked if any of these programs could assist the Middletown Resource Management Council, of which he is a member. NGrid is planning an RFI for such community groups. Marion G. asked about the status of the EnergyWise RFP. It has been extended because of Irene. Abigail asked if there will be more contractor outreach once the lead vendor has been selected. Rachel H. said yes, but no timetable has been set.

On the C&I side, NGrid will be doing a long term strategic management plan and develop a streamlined application process. They are also looking to increase the gas realization rate and will be targeting the manufacturing sector. They will also be expanding revolving loan programs. Joe. C. asked about EE in multi-family units, citing his work with the Flatley Corp. who built over 3,000 units in the 1970s. NGrid should be targeting those buildings. He also feels the single code system has simplified the process.

Dan J. asked about metering and how it can be utilized to demonstrate how power is used. He does not think this is emphasized enough. This data can be used to determine when peak load occurs and help change behavior. Chris P. said that Brown taps into the NGrid meter to get a pulse. Mike M. said that it is called

Energy Profiler On-Line, which has a graphic interface. Chris P. mentioned a steam trap abatement program at Brown where the biggest savings did not come from changing the traps but in fixing other problems that were discovered when the traps were changed.

Paul R. referenced the fact that NGrid's \$24M storm contingency fund is inadequate. If NGrid needs to put substantial more money into this fund would that impact EE funding? He is concerned that if the PUC is crunching numbers that EE funding could be impacted. The storm fund is a separate dedicated account and is not connected to EE funding.

The schedule calls for a first draft on 9/14 followed by a DSM Collaborative Meeting on 9/23. Comments are due on 9/30, and a second draft will be circulated on 10/7 to be voted on by the EERMC on 10/13. A final draft will be ready on 10/21 for an 11/1 filing with the PUC.

VEIC Presentation on EERMC's 2012 EE Plan Priorities

Mike G. was introduced to give this presentation. The four key priorities the council should focus on include: putting strategies of the 3-Year Plan strategies into tactics; cost effectiveness; financing; and best practices.

One way to improve cost effectiveness is to look at EE initiatives in

other states that leverage funding to get a bigger bang for the buck. Chris P. think the council can learn from what is happening in other US cities participating in the Emerald City Program. Paul R. feels financing is the key piece in getting EE projects completed.

Paul R. made a motion to adjourn the meeting. It was seconded by Dan J. and passed unanimously. The meeting was adjourned at 5:35 PM.

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore